



Tennessee State Board of Accountancy
Department of Commerce and Insurance

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MEETING MINUTES

September 9, 2005

The meeting of the Tennessee State Board of Accountancy convened in the Montgomery Bell Inn, Burns, Tennessee on Friday, September 9, 2005, at 1:30 p.m.

Members present were Doug Warren, Chairman; Kenneth Cozart, Vice-Chair; Max Haught, Secretary; William Underwood, Stanley Sawyer, Joseph Buffler, Robert Davidson, Al Creswell, Terri Jeter-McAvoy and Vic Alexander.

Also present were Linda Biek, Executive Director; Ernie Sykes, Staff Counsel; Leona Johnson, Administrative Assistant; Mark Crocker, Investigator; and Brad Floyd, Executive Director of the TSCPA.

Doug Warren called the meeting to order at 1:30 p.m. Mr. Warren welcomed the Board Members and called the Consent Agenda (see attached) as the first item of business. Max Haught requested that Item B (the Accountancy Board Mission Statement) of the Consent Agenda be removed for discussion. Kenneth Cozart motioned for the Board to accept the remaining items on the Consent Agenda. Joseph Buffler seconded the motion; it was voted on and approved.

After a short discussion of the Mission Statement, Robert Davidson motioned for the Board to replace the word "economy" with the phrase "changing world" at the end of the mission statement. Joseph Buffler seconded the motion; it was voted on and approved.

Old Business:

- a.) Linda Biek reviewed the requirements to sit for the CPA examination in Tennessee. The Board Members discussed the decrease in the number of candidates sitting for the CPA examination since the onset of the CBT. The discussion included the pros and cons of allowing candidates to sit for the exam once they have obtained their bachelors degree and then obtaining the 150 hours as required to get the CPA certification. After much discussion, the Board Members agreed to put this topic on the agenda for the October Board Meeting. In addition, the Board asked Linda Biek to gather information from other states that allow this, what educator's perspective is, and if any other states offer scholarships to cover the examination fees or academic classes to reach the 150 hours.
- b.) Linda Biek discussed the UAA proposed changes regarding Firm Substantial Equivalency. Tennessee Accountancy Law would have to be changed in order for our Board to adopt the UAA proposed changes. Therefore, the Board agreed to have Ernie Sykes write up a policy clarifying our position on Firm Substantial Equivalency/Reciprocity, as interpreted from our law and rules. This policy will be put on the Consent Agenda for the October Board Meeting and will be voted on at that time.
- c.) The Board Members discussed the FY05 financial results and the option of increasing our renewal fees. After much discussion, Max Haught made the following motion: Due to an anticipated excess of expense over revenue for fiscal year 2006, it is recommended that the CPA biennial renewal fee be increased from \$80 to \$120 with the first billing for such increase to be effective December 2006; noting this will required a rule change before becoming effective. Joseph Buffler seconded the motion; it was voted on and approved.

- d.) The Board Members discussed the late fee imposed for renewing after December 31st. Bill Underwood motioned for the Board to make a rule change to allow for a 31 day grace period for renewals to be paid before a late fee is charged. Robert Davidson seconded the motion; it was voted on and approved.

New Business:

The Board Members discussed the PCAOB Peer Review Reports and procedures the Board should take. The Board agreed to send any bad reports from the PCAOB directly to the Probable Cause Committee.

The Board Members also discussed the effects hurricane Katrina and how we as a Board could assist those CPA's. Robert Davidson made a motion for the Board Staff to prioritize and expedite applications from hurricane victims and support any programs introduced by the Governor. Bill Underwood seconded the motion; it was voted on and passed.

The Board Members held a discussion regarding publishing disciplinary actions of the Board in the TSCPA Journal and the current KPMG investigations. In conclusion Robert Davidson requested that Linda Biek write KPMG and request information regarding any Tennessee clients, offices, partners or license holders involved and ask for a response within 30 days. The letter should be sent to all local offices and the national office.

There being no further business to come before the Board Bill Underwood motioned to adjourn the meeting.

CHAIRMAN

SECRETARY